Small Business Quarterly

BRITISH COLUMBIA | BCStats

Reference date: December 2016 Issue: #16-3 Released: January 2017

In the third quarter of 2016, self-employment climbed 3.4%

The number of small businesses increased 1.1% in the second quarter of 2016 over the same three months of 2015.

Business bankruptcies dropped 28.6% from the third quarter of last year.

HIGHLIGHTS

Employment

In the third quarter of 2016, the number of self-employed in B.C. rose to its highest level since the second quarter of 2013. Self-employment levels were up 3.4% compared to the second quarter.

Overall employment in B.C. also increased between the second and third quarters, although to a smaller degree (+0.6%). The provincial unemployment rate averaged 5.6% in the third quarter, down from 5.9% in the second quarter.

Businesses

The number of small businesses in B.C. (excluding self-employed persons) increased 1.1% (to 186,000) in the second quarter compared to the same period in 2015.

There continues to be strong growth in the number of new business incorporations in the province. In the third quarter, there were 12.1% more new incorporations compared to the same quarter of 2015.

Business bankruptcies experienced a year-over-year decline in the third quarter, falling 28.6%.

Housing and Construction

The value of both non-residential (-11.3%) and residential (-2.8%) building permits were lower in the third quarter of 2016 compared to a year earlier. Over the same period, urban housing starts in B.C. continued to climb, jumping 31.9% over the number recorded in the third quarter of 2015. The demand for new housing may be driven, at least in part, by low interest rates.

Finance

The Prime Business Rate averaged 2.70% in the third quarter and the conventional five-year mortgage rates edged up slightly, but at an average of 4.71% over the quarter, were still relatively low.

Trade

Both wholesale (+0.1%) and retail (+1.2%) sales in the province increased in the third quarter, and manufacturing sales also showed considerable strength (+4.4%). Meanwhile, B.C. commodity exports jumped 11.6% between the second and third quarter of 2016.

Did You Know? In 2015, 86%of all B.C. exporters were small businesses, exporting $12.9 billion in goods.

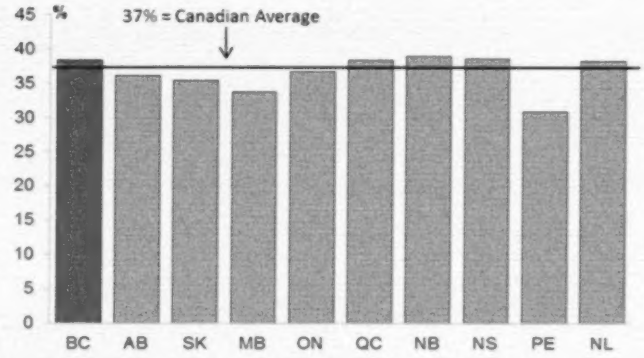
Female Enterprise: Self-Employed Women in British Columbia

Being your own boss is a popular vocational option in British Columbia and in Canada as a whole. Over the past decade, British Columbians have recorded increased numbers in self-employment. Both men and women have increased their presence in the self-employment realm over the past decade, but women in the province appear to be turning to self-employment in droves. From 2005 to2015, the number of male self-employed showed a solid increase (+5.6%), but the number of female entrepreneurs soared (+17.3%).

How does B.C. compare to other provinces?

As in the rest of the country, women entrepreneurs in British Columbia are making some important strides. In 2015, approximately 38% of all business owners in British Columbia were women, above the national average of 37% and the third highest rate among the provinces. B.C. was on par with Quebec (38%) and only slightly behind Nova Scotia and New Brunswick (each 39%) in terms of the share of businesses owned by women.

B.C. has a larger proportion of self-employed who are women than the Canadian average, 2015



Source: Statistics Canada / Prepared by BC Stats

Between 2005 and 2015, growth for self-employed women in the province has surged 17.3%, compared to 5.6% for men. The overall gap between male and female labour force participation has also narrowed substantially over the same period. This partially explains why there are proportionately more women business owners than there were a decade ago and even more when compared to 25 years ago. Labour force participation by women in British Columbia has remained somewhat stable from 1990 to 2015. However, over the same period, the participation rate of men has dropped notably.

Self-employed individuals are defined as individuals who spend most of their working hours operating their own businesses. All self-employment numbers have been obtained from Statistics Canada's *Labour Force Survey*.

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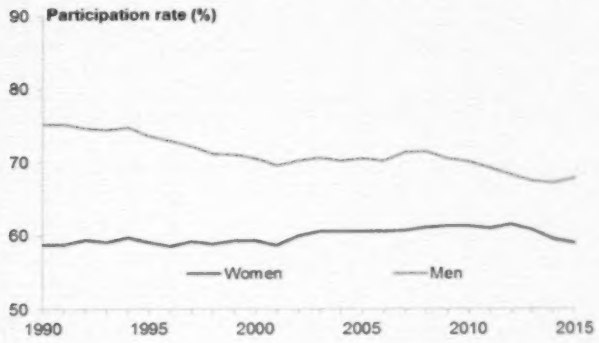
The gap between labour force participation among men and women continues to narrow



Source: Statistics Canada / Prepared by BC Stats

The number of female self-employed increased more rapidly than for their male counterparts, but growth in female self-employment has also outpaced that for female employees over the same period (+12.4%).

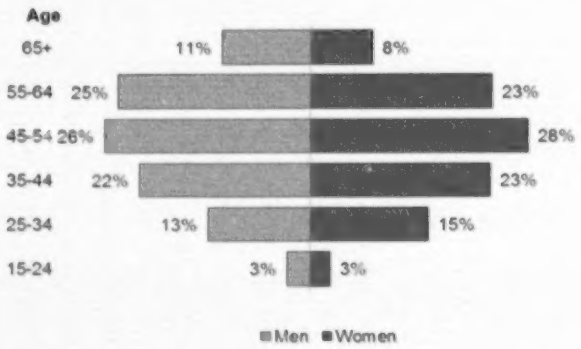
In coming years, participation rates for both men and women are expected to fall as the population ages.

Young women entrepreneurs

Self-employed women differ somewhat from self-employed men in age distribution, with self-employed women tending to be slightly younger than their male peers.

While young entrepreneurs aged 15 to 24 years make up about three percent of all self-employed women and men, there are greater proportions of self-employed women aged 25 to 34 years (15% compared to 13% for men) and 35 to 44 years (23% versus 22%). Men, on the other hand, are more represented among the higher age aggregates.

Female self-employed workers are younger than their male counterparts, B.C., 2015



Source: Statistics Canada / Prepared by BC Stats

Hours Worked

There is a notable difference between self-employed women and self-employed men in terms of the usual number of hours worked per week. On average, self-employed women have shorter work days compared to their male counterparts. While a significant share of male business owners work in excess of 50 hours per week (33%), only 15% of self-employed women fit in this category.

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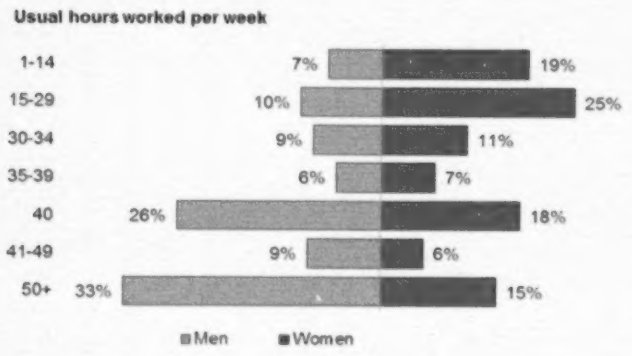
Male self-employed workers tend to work longer hours, B.C., 2015

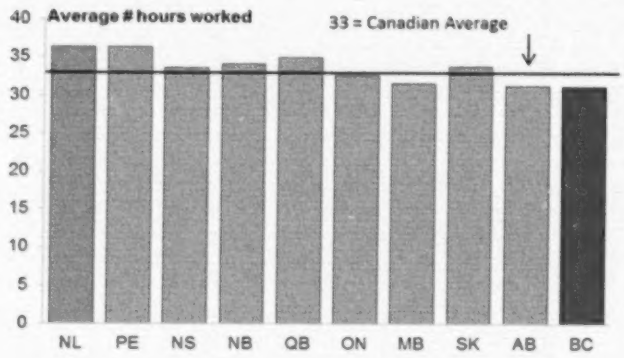


Source: Statistics Canada / Prepared by BC Stats

In 2015, the average work week for self-employed women was 31 hours, compared to 42 hours for men. The disparity between male and female business owners in terms of hours worked per week has remained comparatively consistent over the last decade and could result from a myriad of reasons, such as the types of businesses owned by women compared to men and the motivations behind the decision to become self-employed.

Women business owners in B.C. also worked fewer average usual hours per week in 2015 than their peers in every other province. With an average of 36 hours in their usual workweek, self-employed women in Newfoundland and Labrador and P.E.I. recorded the highest average in Canada, while B.C. had the lowest. Again, these differences are likely attributable to the type of businesses operating in particular provinces.

Hours worked, self-employed women by province, 2015



Source: Statistics Canada / Prepared by BC Stats

Industry breakdown

Not only are women in general more likely to work in a service-related industry (92% of women compared to 70% of men in 2015), but this is also true of self-employed women (90% versus 67% of men).

In 2015, the one industry sector where self-employed women outnumbered men was in health, education and social services (35,600 compared to 19,600, respectively). In all other industry aggregations, men outnumbered women, particularly in the goods producing industries. Professional and business services (approximately 41,400 self-employed workers) is the industry aggregation with the most self-employed women, followed by health, education and social services (35,600). On the other hand, most self-employed men work in the construction (approximately 62,000) and professional and business (51,500) industries.

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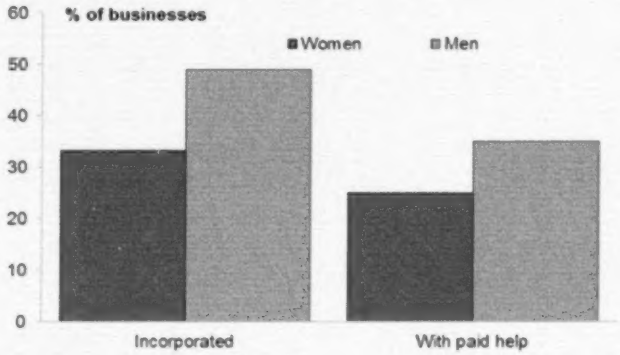
Fewer self-employed women in B.C. work in goods-producing industries, 2015

Source: Statistics Canada / Prepared by BC Stats

Class of self-employment

In 2015, a far smaller percentage of businesses owned by women were incorporated (33%) compared to those owned by men (49%). However, this proportion has been rising in recent years. For example, in 2005, only 28% of businesses owned by women in the province were incorporated. Women also continued to be less likely to have paid employees (25%) than men (35%) last year. The number of businesses operating with paid employees has shrunk for those owned by both men and women over the past decade. In 2005, approximately 38% of businesses owned by men had paid employees and 26% of those owned by women.

Self-employed men in B.C. are more likely to have incorporated businesses and to have employees than are self-employed women, 2015



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Regional Comparison

At 45%, the Thompson/Okanagan region had the highest percentage of self-employed who were women in 2015. This region comprises a large share of the province's agricultural centres, an industry where female workers have a significant presence.

Despite being home to a large share of provincial employment in the typically male-dominated forestry and logging industry, the Cariboo was another district with a somewhat higher prevalence of female self-employment. This may, at least in part, be attributable to the higher likelihood of women to work in service-related industries. Although this is one of the smaller regions in the province, containing only four percent of the province's population, many of these people live in urban areas, where service industries are more common.

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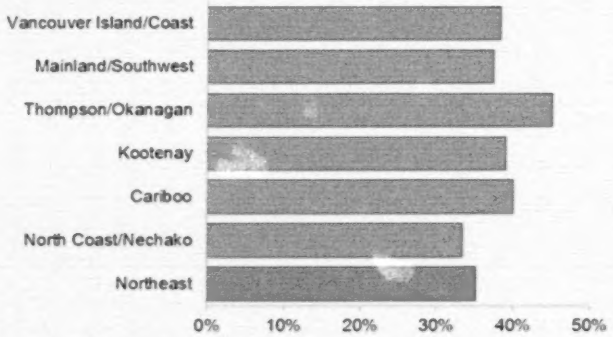
By comparison, Northeast and North Coast/Nechako had the lowest percentage of female self-employed in the province, with women comprising just 35% and 33% of the self-employed in these regions. The lower proportion of self-employed women in the northernmost regions is not surprising given its reliance on generally male-dominated goods-producing industries (primary industry) such as oil and gas extraction.

The Mainland/ Southwest (37%) region was also lower than other regions in the province, which seems contradictory, since women are more likely to work in the service professions compared to men and the Lower Mainland is more service-oriented than the remainder of the province. On the other hand, it is possible that there are fewer opportunities for paid employment for women outside the Lower Mainland driving them to create their own prospects.

Women as a proportion of self-employed, B.C. regions, 2015



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Continued growth?

According to the 2015 Global Women Entrepreneur Leaders Scorecard, an annual joint-partnership study that assesses whether countries are conducive to female entrepreneurial success, Canada is an emerging hot spot for female entrepreneurs. B.C.'s women business owners are poised to play a significant role in the predicted progression in coming years.

For more information on entrepreneurship in B.C., including initiatives and resources, visit the small business page on the BC Stats website and the Ministry of Small Business and Red Tape Reduction.

Did You Know?

In the third quarter of 2016, B.C. was home to approximately 423,300 self-employed workers, representing nearly 18% of the province's jobs.

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